

Message Text

LIMITED OFFICIAL USE

PAGE 01 USUN N 03353 240314Z

63

ACTION IO-14

INFO OCT-01 EUR-25 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-11 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03

SS-20 USIA-15 AF-10 ARA-16 EA-11 NEA-14 ABF-01 OMB-01

EB-11 AID-20 SWF-02 AGR-20 TRSE-00 SAJ-01 DRC-01 /223 W

----- 121144

R 240011Z SEP 74

FM USMISSION USUN NEW YORK

TO SECSTATE WASHDC 5596

INFO USMISSION IAEA VIENNA

USMISSION GENEVA

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY VIENNA UNN

LIMITED OFFICIAL USE USUN 3353

PARIS FOR UNESCO

ROME FOR FODAG

E.O. 11652: N/A

TAGS: EFIN, AORG, UN, UR, CU

SUBJ: UN FINANCES -- WORKING GROUP ON CURRENCY INSTABILITY

REF: USUN 3167 (NOTAL); USUN 1591

SUMMARY: WORKING GROUP ON CURRENCY INSTABILITY SEPT 19
AND 20 COMPLETED ITS REVIEW OF DRAFT REPORT FOR SUBMISSION TO
29TH GA. REPORT REFLECTS SHARPLY DIFFERING VIEWS BETWEEN
THREE DISTINCT GROUPINGS, ALTHOUGH NON-ALIGNED POSITION MORE
FREQUENTLY COINCIDED WITH VIEWS OF WESTERN STATES. REPORT
DRAWS FEW CONCLUSIONS BUT ITS TREATMENT OF SPECIAL CON-
TINGENCY RESERVES AND CONCEPT OF FULL BUDGETING WAS LARGELY
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 USUN N 03353 240314Z

CAST IN NEGATIVE TONES. REPORT ESSENTIALLY OPPOSED TWO

CURRENCY MIX AND IT DID NOT RECOMMEND ASSESSMENT OF UN CONTRIBUTIONS IN DOLLARS AND SWISS FRANCS. SECTION OF UNIT OF ACCOUNT ALSO WAS WEIGHED AGAINST ALL POSSIBLE VARIATIONS. CUBAN AND SOV PROPAGANDA EXERCISE TO ASSIGN RESPONSIBILITY FOR FINANCING OF LOSSES DUE TO INFLATION AND CURRENCY INSTABILITY TO CERTAIN DEVELOPED COUNTRIES WAS REFLECTED IN REPORT AS REPRESENTING VIEWS OF CERTAIN REPS. ON BALANCE REPORT WHICH WILL NOW BE ISSUED AS FIFTH COMITE DOCUMENT CAN BE SUBJECT TO CONSIDERABLE VARIATIONS IN INTERPRETATIONS AND WILL NOT BE OF MUCH VALUE TO ORGANIZATIONS CONCERNED WITH PROBLEM AND HOPING FOR USEFUL GUIDANCE. END SUMMARY

1. FINAL THREE DRAFTING SESSIONS ON DRAFT REPORT OF WORKING GROUP ON CURRENCY INSTABILITY (A/AC.164/R22/REV.1) WERE AT TIMES STORMY WITH FREQUENT CLASHES BETWEEN SOVS AND CUBANS ON ONE HAND AND US, OTHER DEVELOPED COUNTRIES AND NON-ALIGNED ON OTHER HAND. US REP (KELLER) SUCCEEDED IN IMPROVING LANGUAGE IN CHAPTER F (RESPONSIBILITY FOR FINANCING OF LOSSES AND ADDITIONAL COSTS). PARA 47 WAS SUCCESSFULLY MODIFIED TO SHOW THAT ONLY "SOME" OF EXTREME VIEWS OF CUBAN AND SOV REPS AS SET FORTH IN PRECEEDING PARA WERE AGREED TO "GENERALLY" BY SOME MEMBERS OF WORKING GROUP I.E., NON-ALIGNED, EVEN THOUGH INDIAN REP (SETHI), A NEW ARRIVAL, INDICATED THAT HIS GOVT BELIEVED THAT HOST COUNTRIES SHOULD ABSORB SOME OF COSTS GENERATED BY CURRENCY INSTABILITY AND INFLATION. LANGUAGE IN CHAPTER NOW SUGGESTS THAT SOV AND CUBAN VIEWS ARE HELD BY "CERTAIN MEMBERS," "SOME MEMBERS" WERE OPPOSED TO ANY INDUCTION IN PROGRAMS FOR DEVELOPING COUNTRIES AND "OTHER MEMBERS" DISAGREED WITH VIEWS OF CUBAN AND SOVS. US REP ALSO SUCCEEDED IN MAKING SOME SMALL IMPROVEMENTS TO CHAPTER ON FORWARD EXCHANGE TRANSACTIONS SO THAT LANGUAGE COMES SOMEWHAT CLOSER TO US VIEWS AND FURTHER FROM MORE NEGATIVE VIEWS OF SECT (ZIEHL).

2. MAJOR CLASH TOWARDS END OF FINAL MEETING CONCERNED INCORPORATION OF VIEWS OF SYG TO EFFECT THAT TIMELY AND FULL PAYMENT OF CONTRIBUTIONS AND ELIMINATION OF SHORT-TERM DEFICIT OF ORGANIZATION WOULD ELIMINATE MANY OF LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 USUN N 03353 240314Z

CURRENCY PROBLEMS FACED BY UN AND OBVIATE NEED FOR SOLUTIONS. THIS LANGUAGE WHICH WAS TEMPORARILY REMOVED FROM DRAFT REPORT AND INCLUDED IN EXPANDED FORM IN ANNEX OF REPORT WAS EVENTUALLY REINCORPORATED INTO INTRODUCTION TO CONSIDERABLE SATISFACTION OF ALL SAVE SOV AND CUBAN REPS. NEVERTHELESS, SOV REP (PALAMARCHUK) AGREED TO THIS MOVE WHEN HE REALIZED THAT ALTERNATIVE WAS INCORPORATION IN ANNEX OF DOCUMENT A/AC.164/R18.

THIS DOCUMENT HAD BEEN PREPARED BY SECT AT INSISTENCE OF THEN SOV REP (GRODSKY); YET LANGUAGE OF THIS REPORT WHICH SET FORTH "POSITIVE MODEL" WAS CLEARLY VERY UNPALATABLE TO SOVS.

3. COMMENT: FEW CONCLUSIONS CAN BE DRAWN FROM REPORT, YET LANGUAGE ALLOWS MEMBER STATES TO DRQW DERTAIN IMPRESSIONS. FOR EXAMPLE, LANGUAGE ON RESERVES AND SPECIAL RESERVES TO COMBAT AND FORESTALL EFFECTS OF INFLATION AND CURRENCY FLUCTUATIONS IS SERIES OF STATEMENTS OF FACTS AND ONE COULD DRAW CONCLUSION THAT ON BALANCE THESE RESERVES ARE NOT ANSWER TO PROBLEM. ON UNIT OF ACCOUNT, REPORT REFLECTED VIEWS OF MOST DELS WHO BELIEVED IT WOULD NOT PROVIDE ANSWER TO PROBLEM OF CURRENCY FLUCTUATION. ON QUESTION OF ASSESSMENT IN TWO OR MORE CURRENCIES, POSSIBILITY WAS NOT RULED OUT BUT WEIGHT OF DISCUSSION WAS CLEARLY AGAINST NOTION. SECTION ON FORWARD EXCHANGE TRANSACTIONS CONSISTED OF VERY WEAK RECOMMENDATION THAT SUCH TRANSACTIONS SHOULD NOT BE RULED OUT AS LIMITED MEANS OF HEDGING AND SPREADING OF EXCHANGE RISKS OVER TIME. CHAPTER ON ASSIGNING RESPONSIBILITY TO DEVELOPED COUNTRIES OR HOST COUNTRIES FOR ADDED COSTS SHOULD BE RECOGNIZED BY MOST READERS OF REPORT AS PURE PROPAGANDA EXERCISE. NEVERTHELESS, LANGUAGE IN REPORT COULD BE USED AS APRING-BOARD BY CUBAN AND SOV DELS IN FIFTH COMITE TO LAUNCH SUBSTANTIAL OFFENSE. NEVERTHELESS, WE HAVE IMPRESSION THAT SOVS ARE SOMEWHAT EMBARRASSED BY THIS HIGHLY CONTROVERSIAL LINE, AT LEAST WHEN THEY DISCUSS SUBJECT IN PRIVATE WITH US.

4. REPORT SHOULD PROVE OF VERY LITTLE VALUE TO ORGANIZATIONS WITHIN UN FAMILY. IT IS GENERALLY NOT CONTRARY TO US INTEREST SINCE INEVITABLE CONCLUSION ONE CAN DRAW FROM REVIEW OF REPORT IS THAT LITTLE MORE CAN BE DONE EXCEPT FOR CON-

LIMITED OFFICIAL USE

PAGE 04 USUN N 03353 240314Z

TINUING PREVIOUS PRACTICES OF ABSORPTION WITHIN BUDGETS, SUPPLEMENTALS WHEN REQUIRED, AND EMPLOYING SOME IMPORVED MANAGEMENT TECHNIQUES IN HANDLING OF RESERVES. ULTIMATE ANSWER, PARTICULARLY AS CONCERNS CURRENCY INSTABILITY, WOULD BE FOR PROMPT AND FULL PAYMENT TO BUDGETS OF ORGANIZATIONS SO THAT ACCOUNTS COULD BE HELD LARGELY IN CURRENCIES USED BY THE ORGANIZATIONS DURING COURSE OF YEAR. WHILE WE SHOULD BE PREPARED FOR ENERGETIC CUBAN INITIATIVE ON THIS SUBJECT AGAIN DURING 29TH GA, WE DO NOT BELIEVE THAT REPORT WILL SERVE CUBAN INTEREST. WE BELIEVE FURTHER THAT CUBANS MADE TACTICAL ERROR IN GOING SO FAR AS TO INSIST THAT COSTS DERIVING FROM FORWARD MARKET OPERATIONS SHOULD ALSO BE ASSIGNED TO DEVELOPED COUNTRIES. ABSURD NATURE OF SUCH EXTREMIST VIEWPOINT UNMASKS EXERCISE FOR WHAT IT IS. SCALI

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENT DRAFT, BUDGETS, INFLATION, COMMITTEE MEETINGS, CURRENCY STABILITY, INTERNATIONAL ORGANIZATIONS, MEETING REPORTS, FOREIGN POLICY POSITION
Control Number: n/a
Copy: SINGLE
Draft Date: 24 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974USUNN03353
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740267-1126
From: USUN NEW YORK
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740917/aaaaaohv.tel
Line Count: 169
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION IO
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: USUN 3167 (NOTAL); USUN 1591
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 25 MAR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <25 MAR 2002 by elyme>; APPROVED <21 MAY 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: UN FINANCES -- WORKING GROUP ON CURRENCY INSTABILITY
TAGS: EFIN, AORG, UR, CU, UN
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005